EMBARGOED UNTIL 0700 HOURS - Thursday 25 March 2010

Kingfisher plc reports adjusted pre-tax profits of £547 million, up almost 50%, financial net debt down 75% to £250m and the resumption of dividend growth

Group Financial Summary	**2009/10**	**2008/09**	**% Total Change (Reported)**	**% Total Change (Constant currency)**	**% Like-for-Like (LFL) change**
Sales	£10,503m	£10,026m	+4.8%	+1.1%	(1.5)%
Retail profit	£664m	£503m	+32.1%	+29.4%	
Adjusted pre-tax profit	£547m	£368m	+48.6%		
Adjusted basic EPS	16.4p	11.0p	+49.1%		
Interim dividend	1.925p	1.925p	Flat		
Final dividend	3.575p	3.4p	+5.1%		
Full year dividend	5.5p	5.325p	+3.3%		
Financial net debt	£250m	£1,004m	(75.1)%	(75.2%)	

Note: Continuing operations only. Joint Venture (JV) and Associate sales are not consolidated. Retail profit is stated before central costs, interest, exceptional items, amortisation of acquisition intangibles and the Group's share of interest and tax of JVs and associates. Adjusted measures are before exceptional items, financing fair value remeasurements, amortisation of acquisition intangibles, related tax items and tax on prior year items. A reconciliation to statutory amounts is set out in the Financial Review.

Operational highlights (in constant currencies)

- Self-help initiatives drove robust growth in profit and cash generation. Good progress with the seven step 'Delivering Value' plan, return on capital up 250 basis points
- Retail profit up 29.4% with growth achieved in each of the three main operating divisions:
  - French profits up 3.7% to £322 million supported by margin and cost initiatives
  - UK & Ireland profits up 64.5% to £217 million. B&Q retail profit margin improved to 4.9% from 2.8% benefitting from sales growth and margin and cost initiatives. TradePoint trial a success, national roll out underway
  - Other International profits up 77.8% to £125 million. Strong growth in Poland and Turkey continued and trading in Russia, Spain and Germany was resilient. China repositioning plan on track with losses almost halved in the year
- Financial net debt reduced by 75% (at reported rates). Free cash flow of £761 million of which around £550 million was used to repay outstanding bonds and loans early
- Final dividend up 5%, the first dividend growth for five years
- Property portfolio independently valued at £3.0 billion (2008/09: £3.2 billion)

Statutory reporting

	2009/10	**2008/09**	**Reported Change**
Profit before taxation	£566m	£90m	+528.9%
Profit for the year	£385m	£206m	+86.9%
Basic EPS – total operations	16.5p	8.9p	+85.4%

Note: Statutory reporting is continuing operations only and after net post-tax exceptional gain/(charge) (2009/10: £10m; 2008/09: £(88)m)

Ian Cheshire, Group Chief Executive, said:

"In the first full year for the new Group Executive team, I am pleased to report a strong improvement in performance. Profitability, cash generation and return on capital all grew in the UK & Ireland, France, Poland, Turkey and Spain. Encouragingly, losses were significantly reduced in China as our turnaround plan progresses.

"In generally weak consumer markets our self-help initiatives underpinned our robust performance, driving a higher gross margin, more cost efficiency and lower working capital.

"We have also been busy laying the foundations for our future growth by broadening our product range into new categories, opening new stores and coordinating our buying activities to enable more common sourcing. We also made good progress with our corporate responsibility agenda and sales of 'eco products' topped £1 billion for the first time. Our rigorous approach to generating cash returns and tightly managing our capital means we are now able to increase capital investment to support future growth.

"Looking ahead, we remain cautious on the outlook for consumer demand across Europe. However, we are confident that our experienced management team, successful international strategy and buying scale mean we will be able to drive continued growth through our own actions. Recognising our improved profitability, cash generation and future growth prospects I am delighted that the final dividend payment will be increased, the first dividend growth for our shareholders in five years."

Delivering Value - progress in 2009/10

Our aim has been and remains to deliver more value for Kingfisher shareholders by focusing on three key priorities – Management, Capital and Returns.

Management

The new Group Executive, comprising the Group CEO, Group FD and the three divisional CEOs, have collective responsibility for overall Group performance. This team is working well and Kingfisher is now being managed in a more integrated, unified way. Beneath this team the senior management has been further strengthened by a number of key appointments. The share-based incentive scheme, based on overall Kingfisher performance, has been extended to this broader group and to store managers in the UK, France and Poland.

Capital

Excellent progress was made with reducing working capital, particularly in the UK and France. Over the course of the year net working capital was reduced by over £300 million with the biggest cash generation coming from the £234 million reduction in the Group's stock (15 less days). Capital expenditure budgets were streamlined at the start of the year and reprioritised to target higher and faster payback investments. In addition, a one-off tax refund of €169 million* was recovered from the French authorities. As a result of this rigorous approach to capital the year end financial net debt (excluding capitalised leases) fell to £250 million, down 75% over the year.

Reflecting the improved cash generation, financial strength and confidence in the longer term growth prospects for the Group the gross capital investment budget for 2010/11 has been increased to around £400 million. This investment will again be prioritised towards activities with the fastest paybacks and strongest growth potential.

**On 7 September 2009, following a favourable court ruling in France, the Group received a refund of the €138 million exceptional tax liability paid by Kingfisher in 2003/04 relating to the Kesa Electricals demerger plus a further €31 million repayment supplement. The French tax authorities have commenced an appeal against this ruling.*

Returns

The seven step programme to improve cash returns, known as 'Delivering Value', is progressing well. The initiatives are supporting the trading performance in the shorter term and also better positioning the Group for further growth over the longer term. Overall return on capital increased from 5.8% to 8.3% during the year. Delivery of the 2009/10 milestones and a summary of the 2010/11 milestones are set out below:

1. Driving up B&Q UK & Ireland's profit

Self-help measures to rebuild B&Q's retail margin to 7% are delivering results. Retail margin up from 2.8% to 4.9% during the year.

2009/10 progress

- Stores
  - 9 large and 8 medium store revamps
  - 105 'showroom only' revamps
  - Around 1% new space added

- Product and Service
  - 'Reserve and Collect' rolled out nationally and 12,000 products for next day home delivery now on diy.com
  - Self-service checkout rolled out nationally
  - New monthly store team bonus introduced
  - 4,000 staff graduated from the "Showroom Academy", 11,500 staff achieved retail NVQs or City & Guilds qualifications

- Margin and Costs
  - Margin benefit of 50bps from closing one distribution centre and reducing shrinkage
  - 120 double-decker distribution trailers introduced to save costs and reduce carbon emissions
  - 'Top stocks'* removed, overall stock reduction of £90 million
  - Costs held flat, down 3% before higher staff bonuses

**Stocks held at the top of in-store shelving*

2010/11 milestones

- Stores
  - 15 large and 15 medium store revamps
  - Around 100 'showroom only' revamps (kitchen, bathroom and bedroom areas)

    - No new space to be added

- Product and Service
    - To broaden B&Q's customer offer several new or expanded product categories will be trialled in store to determine their suitability for a nationwide introduction in 2011/12 (e.g. eco and storage ranges)
    - Extend retail NVQ or City & Guild qualification training programme to a further 9,500 staff

- Margin and Costs
    - Direct sourcing to rise by 20%

2. Exploiting our UK Trade opportunity

Screwfix offer extended. B&Q in-store 'TradePoint' successfully trialled.

2009/10 progress

- Opened 9 new Screwfix outlets
- Launched 'Electricfix', a new specialist mail order catalogue operated by Screwfix exclusively for qualified electricians (14,000 electricians signed up)
- Trialled trade counter proposition for Plumbfix (for qualified plumbers) and Electricfix through 7 existing Screwfix outlets
- B&Q in-store trade offer ('TradePoint') successfully trialled in 9 large stores, maximising synergies with Screwfix

2010/11 milestones

- National roll out of TradePoint format to 118 B&Q large stores
- Open 10 further Screwfix outlets
- Add specialist trade counters exclusive to Plumbers and Electricians within 100 existing Screwfix sites

3. Expanding our total French business

2% new space added. Buying optimisation and cost efficiencies supporting profitability.

2009/10 progress

- Opened 4 net new stores, 1 relocation and 5 revamps, adding 2% new space
- Buying optimisation programme initiated, supporting margins
- Stock shrinkage rates reduced, gross margin benefit of 10bps
- Delivered targeted operating cost savings of €65m

2010/11 milestones

- Open 3 net new stores, 1 relocation and 8 revamps, adding around 2.5% new space
- Extend buying optimisation programme
- Direct sourcing to rise by around 30%

- Development of a joint-sourced value brand common to both businesses (‘Premier Prix’)
- Up weighted new product launches and new advertising campaigns for both businesses

4. Rolling out in Eastern Europe

20% space added during the year. Sales and profit growth continued.

2009/10 progress

- Opened 15 new stores, 5 in Poland, 5 in Turkey and 5 in Russia
- Total sales grew 10.9% (including 100% Turkey JV) to £1.6 billion*

2010/11 milestones

- Open a further 15 new stores, 6 in Poland, 5 in Turkey and 4 in Russia, adding around 15% new space
- Open new central distribution centre in Poland in H2 (to enable more direct sourcing)
- Trial smaller ‘city store’ format in Moscow (H2)

** in constant currencies at 2008/09 year end exchange rates*

5. Turning around B&Q China

Repositioning plan on track. Prior year losses almost halved, free cash flow positive in the year.

2009/10 progress

- Store portfolio rationalised from 63 to 43, 2 stores downsized, more underway
- New store format trialled in Shanghai and extended to a further 11 stores
- In store supplier-funded representatives replaced with B&Q trained staff in most product areas in new format stores
- New single room make-over and single product installation service launched
- Central cost reduction initiatives progressing well, one regional office closed
- Working capital reduction in line with target, helping B&Q China generate a positive free cash flow in the year

2010/11 milestones

- Complete the store rationalisation plan (2 further stores) and remaining downsizes
- Continue the new format trial
- Continue the work started in 2009 on re-engineering ranges from the current supplier led model to a more product led, traditional retail ranging model. This milestone will take around 2 years to complete, but is key to creating a sustainably profitable and scalable business
- Return to a profitable business model during H2, on track for a return to overall profitability in 2011/12

6. Growing Group sourcing

Direct sourcing through the Kingfisher Sourcing Office (KSO) network continued to grow.

2009/10 progress

- Shipped volumes of direct sourced product through Kingfisher's global sourcing network increased by 14% to around USD 800 million
- Work started on aligning buying processes within B&Q UK and Castorama France to enable more commonality of ranging in the future (e.g. 26% of 2010/11 outdoor leisure range will be common to both businesses)

2010/11 milestones

- Increase volume of direct sourced shipments by 26% to USD 1 billion
- Commence alignment of range review calendars for major product categories to facilitate more cross-Group common sourcing

7. Reducing working capital

Excellent progress, net working capital reduced by over £300 million.

2009/10 progress

- Delivered £315 million reduction despite the negative effects of legislative changes shortening French payment terms (known as LME)
- Reducing moving annual average stock days by 15
- Average payment terms on direct sourced product extended by 25 days

2010/11 milestones

- 'Like for like' working capital to remain constant. Overall balance may increase due to further negative effects of the French LME and investment required for new stores
- Further extend average payment terms on direct sourced product by another 5 days

Trading Review - FRANCE

Sales £m	2009/10	2008/09	% Change (Reported)	% Change (Constant)	% LFL Change
France	4,242	3,888	9.1%	(0.6)%	(3.4)%

Retail profit £m	2009/10	2008/09	% Change (Reported)	% Change (Constant)
France	322	283	13.9%	3.7%

France includes Castorama and Brico Dépôt.
All trading commentary below is in constant currencies.

Kingfisher France

Kingfisher France total sales were £4.2 billion (-3.4% LFL, -3.0% on a comparable store basis) in a weak consumer environment. According to Banque de France* sales for the market on a comparable store basis were down around 3%. Across the two businesses, four net new stores were opened, one was relocated and five were revamped, adding around 2% new space.

**Banque de France data including relocated and extended stores*

Retail profit margins were maintained benefitting from broadly flat gross margins, with higher own-brand sales penetration and buying optimisation benefits offsetting increased promotional activity across both businesses. Decisive management action to flex store costs and reduce costs meant the full year target of €65 million was achieved, helping to support retail profit margin.

Castorama delivered broadly flat total sales of £2.2 billion (-1.7% LFL, -0.9% on a comparable store basis) supported by its modernisation programme. Stores trading in the new format, now representing 57% of total selling space, continue to significantly outperform.

Seasonal categories were up around 1% LFL, benefitting from favourable weather and a new catalogue. Non-seasonal sales were down around 2% across most categories although energy saving products (representing around 11% of sales) and new ranges outperformed.

Strong working capital improvements were delivered across the year. Annual average stock days were reduced by 16 days year on year, driven by a store stock reduction programme and supply chain improvements.

Brico Dépôt, which more specifically targets the professional tradesman, delivered total sales down 1.2% to £2.0 billion (-5.4% LFL). Trade demand has been weak across the year (market* down 11% across the year), impacted by the slowdown in housing starts (down 17%) and big project planning consents (down 18%). Self-help initiatives progressed well, including updated catalogues, new ranges (e.g. kitchens +5% LFL, bathrooms +7% LFL) and the stepping up of 'arrivages' promotions (rolling programme of one-off special buys).

**Private building market down 11% (Jan-Dec 09) according to UNIBAL*

Trading Review – UK & IRELAND

Sales £m	2009/10	2008/09	% Change (Reported)	% Change (Constant)	% LFL Change
UK & Ireland	4,442	4,379	1.4%	1.2%	(0.1)%

Retail profit £m	2009/10	2008/09	% Change (Reported)	% Change (Constant)
UK & Ireland	217	132	64.8%	64.5%

UK & Ireland includes B&Q in the UK & Ireland and Screwfix. Prior year figures include the now ceased Trade Depot trial and have been restated to include Ireland.

All trading commentary below is in constant currencies.

Kingfisher UK & Ireland

Kingfisher UK & Ireland delivered total sales up 1.2% to £4.4 billion (-0.1% LFL) and retail profit up 64.5%, supported by strong sales, gross margin benefits and further cost initiatives. The total home improvement market* was relatively resilient, down around 0.3%, with better early spring weather and renewed consumer interest in the home and DIY helping offset the negative impacts of the recession However, both the Trade and the Irish markets were challenging throughout the year. Kingfisher's UK businesses in aggregate outperformed the market.

** Market data from GfK for the UK leading retailers of home improvement products and services (including new space). However, this data excludes private retailers e.g. IKEA and smaller independents.*

B&Q UK & Ireland's total reported sales grew 2.6% (+1.3% LFL) to £4.0 billion. More favourable weather boosted sales of outdoor products, up around 6%, and kitchen, bathroom and bedroom sales were up around 7%, with improved merchandising, new ranges and competitor withdrawal helping drive market share at a time of weak consumer appetite for bigger ticket purchases. Sales of DIY and decorative products remained relatively resilient, down around only 2%, with less house moving activity offset by renewed consumer interest in DIY and low-cost room makeovers.

Retail profit grew 79.4% to £195 million. For the second year in a row gross margin percentage increased, up 110 basis points (2008/09: +60 basis points) despite the costs of clearing 'top stocks'* across the store estate during Q3. Gross margins benefitted from lower mark down activity, better sales of higher margin products, shrinkage reduction and supply chain cost efficiencies. A strong focus on operating cost efficiencies also continued, resulting in flat overall costs year on year despite 1% underlying cost inflation, 1% new store space and a higher level of staff bonus.

Following successful trials of a lower-cost large store revamp last year (around £1 million versus £2.5 million for a standard revamp), a further nine were completed during 2009/10 as well as eight medium format stores. In addition, 80 more limited revamps were completed which focus only on the main showroom categories (kitchen, bathroom and bedroom). B&Q UK & Ireland now has 119 large stores (66 in the modern format) and 211 medium stores (of which 185 have been modernised).

**Stocks held at the top of in-store shelving*

Trade

Screwfix limited the impact of a challenging trade market with total sales declining 4.3% to £471 million compared with the wider Trade market* which we estimate to have declined around 15%. Initiatives that drove market share gains included the continued roll out of trade counters and the new ‘Plumbfix’ and ‘Electricfix’ specialist mail order catalogues. Nine trade counters were opened during the year, taking the total to 147. Almost 60% of total sales are now generated from these physical outlets. Retail profit was £22 million, down £8 million reflecting the sales decline and investment in new outlets.

During 2009/10 B&Q successfully trialled **‘TradePoint’**, a new trade market offer exclusive to tradesmen. The new proposition takes the very best of B&Q (extended opening hours, convenient locations, heavy building ranges, showrooms and the rest of the stores’ retail products) and adds the best of Screwfix’s ranges and logistics expertise to create a merchant environment with extended trade brands and trade only prices, all exclusively for tradesmen. This offer is unique in the UK and is expected to boost Kingfisher’s low share in the professional trade market.

TradePoint is a 4,000 square feet dedicated area within a B&Q store. It has its own separate entrance, exit and payment area, a trade only manager and a team of eight to meet the trademen’s needs. Access is restricted to TradePoint members who have been verified as genuine tradesmen. Trade customers choose from a catalogue of 12,000 specialist and trade branded products and place their order with staff at a manned counter. For those 8,000 items held in stock, the products are picked within seven minutes by TradePoint staff from a 3,000 sq ft warehouse behind the counter. For non-stocked items, overnight delivery is arranged. Trade customers can also shop the rest of the B&Q store with special catalogue pricing available to them on a large range of B&Q products.

TradePoint uses space made available by ongoing work at B&Q to merchandise its existing ranges in less space. In the trial stores around half of TradePoint customers are new to B&Q, space utilisation is improved and gross margins are higher than those achieved on the current trade offer. After staff costs, catalogue production costs and marketing the format generates an attractive incremental profit. The initial investment is expected to payback within two years.

National coverage in 118 large B&Q stores is expected by late summer 2010 from a capital investment of around £26 million plus net working capital of around £4 million. The impact of the roll out will be profit neutral in 2010/11.

**Based on the Builders’ Merchants Federation data for the 12 months to Jan 2010*

Trading Review – OTHER INTERNATIONAL

Sales £m	2009/10	2008/09	% Change (Reported)	% Change (Constant)	% LFL Change
Other International	1,819	1,759	3.5%	5.1%	(0.2)%

Retail profit £m	2009/10	2008/09	% Change (Reported)	% Change (Constant)
Other International	125	88	41.7%	77.8%

Other International includes Poland, China, Spain, Russia, Turkey JV and Hornbach in Germany. Continuing operations only. JV and Associate sales are not consolidated. Prior year figures have been restated to exclude Ireland.
All trading commentary below is in constant currencies.

Other International total sales increased 5.1% to £1.8 billion (LFL sales broadly flat). Retail profit was up 77.8% to £125 million, reflecting strong growth in Poland and lower losses in China.

During 2009/10, 16 stores opened, five in Poland, five each in Turkey and Russia and one in Spain, adding around 18% new space. A further 16 stores are planned for 2010/11, including six in Poland, five in Turkey, four in Russia and one in Spain.

In **Eastern Europe** sales in **Poland** were up 8.0% to £1.0 billion (+0.3% LFL despite a tough comparative of +9.8%) reflecting good growth in expanded decoration ranges and a good response to the new garden catalogue. Retail profits were up 10.7% to £125 million with gross margin percentage slightly higher benefitting from sales of higher margin products and buying scale benefits. Costs grew slower than sales due to tight cost control. **Russia** continued to be encouraging with sales up 18.6% to £163 million and trading profitably at store level. In **Turkey**, Kingfisher's 50% JV, Koçtaş, grew retail profit by almost 40% due to tight cost control.

Elsewhere, **Spain** delivered its first retail profit with sales up 28.2% to £200 million, significantly outperforming the market. **Hornbach**, in which Kingfisher has a 21% economic interest, contributed £31 million to retail profit (2008/09: £29 million).

B&Q China sales declined 11.1% to £444 million primarily reflecting 20 fewer net stores now trading compared to the prior year. As the year progressed the housing market improved, boosting demand. LFLs were down 3.3% (2008/09: down 27.9%) and losses of £34 million were almost half that of the previous year. The turnaround plan announced last year is progressing well.

Financial Review

Financial summary

Profit and EPS including all exceptional items for the year ended 30 January 2010 is set out below:

	2009/10	2008/09	Increase
Profit for the year	**£385m**	£206m	86.9%
Basic EPS – total operations	**16.5p**	8.9p	85.4%

A summary of the continuing reported financial results for the year ended 30 January 2010 is set out below.

	2009/10 £m	2008/09 £m	Increase
Sales	**10,503**	10,026	4.8%
Adjusted pre-tax profit	**547**	368	48.6%
Adjusted basic earnings per share	**16.4p**	11.0p	49.1%
Dividends	**5.500p**	5.325p	3.3%

A reconciliation of statutory profit to adjusted profit is set out below:

	2009/10 £m	2008/09 £m	Increase
Profit before taxation	**566**	90	528.9%
Exceptional items before taxation	**(17)**	273	
Profit before exceptional items and taxation	**549**	363	51.2%
Financing fair value remeasurements	**(2)**	5	
Adjusted pre-tax profit	**547**	368	48.6%

Overview

Total **sales** on continuing businesses grew 4.8% to £10.5 billion on a reported rate basis, and 1.1% on a constant currency basis. During the year, an additional three net new stores were opened taking the store network to 805 (excluding Turkey JV). This includes the impact of rationalising 20 net stores in China and five in Trade Depot. On a LFL basis, Group sales were down 1.5%.

Retail profit before exceptional items grew by 32.1% to £664 million and by 74.6% to £681m including exceptional items. In the current year there was an exceptional profit of £17 million from the sale of properties.

The net **interest** charge for the year was £57 million, down £26 million on the prior year. Lower average net debt levels and lower interest rates reduced net finance costs by £37 million. This was partly offset by a £11 million increase in the non cash accounting charge arising primarily from a higher net deficit on the defined benefit pension scheme.

Profit before tax grew by £476 million to £566 million as a result of improved trading in the year and the significant level of exceptional costs in the prior year. On a more comparable basis, which removes the impact of one off items and fair value remeasurements, **adjusted pre-tax profit** grew by 48.6% to £547 million.

Profit for the year which included discontinued operations in the prior year grew by 86.9% to £385 million. Discontinued operations in the prior year related to Castorama Italy which was disposed of in 2008/09. This resulted in the Group recording a **basic EPS** of 16.5p which is up 7.6p (85.4%) in the year.

Interest

As discussed above net interest has decreased by £26 million in the year. The breakdown is as follows:

	2009/10 £m	2008/09 £m
Cash		
Interest on net debt	**(54)**	(91)
Non Cash		
Interest (charge)/return on defined benefit pension scheme	**(4)**	13
Financing fair value remeasurements	**2**	(5)
Other	**(1)**	-
Statutory net interest	**(57)**	(83)

Taxation

The effective rate of tax, calculated on profit before exceptional items, prior year tax adjustments and the impact of rate changes is 30% (2008/09: 31%). The overall rate is 32% (2008/09: 98%). In the previous year the overall unadjusted tax rate was distorted by limited tax relief on the exceptional charge.

Effective tax rate calculation 2009/10	**Profit £m**	**Tax £m**	**Effective rate**
Profit before tax and tax thereon	566	181	32%
Less exceptional profit and tax thereon	(17)	(7)	
Less prior year adjustment		(7)	
Total	549	167	30%

Kingfisher's effective tax rate is sensitive to the blend of tax rates and profits in the Group's various jurisdictions. Whilst we will continue to plan our tax affairs efficiently and adopt a prudent approach towards providing for uncertain tax positions we are aware that with pressure on government finances the tax cost of multinationals may increase over time.

The tax rates for this financial year and the expected rates for next year are as follows:

Jurisdiction	Statutory tax rate 2010/11	Statutory tax rate 2009/10
UK	28%	28%
France	34.43%	34.43%
Poland	19%	19%
Rest of Europe	0% - 34%	0% - 34%
Asia	16.5% - 25%	16.5% - 25%

French tax receipt
On 7 September 2009, following a favourable tax ruling in France, the Group received a refund of the €138 million exceptional tax liability paid by Kingfisher in 2003/04 relating to the Kesa Electricals demerger plus a further €31 million repayment supplement. The French tax authorities have appealed the ruling. As a result the Group has not recognised the €169 million as income in the current year.

Taxation risk management

Kingfisher's tax strategy is to manage its tax affairs efficiently and in a way which enhances shareholder value whilst balancing the tax risk it faces. Tax risks can arise from change in law, differences in interpretation of law, changes in tax rates and the failure to comply with the tax law and associated procedures. The Group manages and controls these risks through local management, its Group tax department and appropriate advice from reputable professional firms. Where disputes arise with the tax authorities the Group addresses the areas of dispute promptly in a professional, open and constructive manner.

Exceptional items

	2009/10 £m (Charge)/ gain	2008/09 £m (Charge)/ gain
Profit on disposal of properties	**17**	13
China restructuring	**-**	(107)
UK restructuring	**-**	(19)
Carrying value impairment of Hornbach	**-**	(36)
Impairment of goodwill	**-**	(124)
Post-tax profit on disposal of Italy	**-**	178
	17	(95)
Tax on exceptional items	**(7)**	7
Net exceptional items	**10**	(88)

The Group has recorded an exceptional post-tax profit of £10 million in the year (2008/09: loss £88 million). The profit was in relation to the disposal of properties which realised a pre-tax net gain of £17 million (2008/09: £13 million gain).

In 2008/09 the Group recorded an exceptional loss of £107 million relating to the B&Q China turnaround plan and £19 million in relation to the closure of the Trade Depot trial in the UK. Both plans have progressed well.

Earnings per share

Total earnings per share have increased by 85.4% to 16.5p (2008/09: 8.9p).

Excluding businesses sold, earnings per share were 16.5p (2008/09: 0.2p). The increase year on year is as a consequence of improved performance and the level of exceptional charges in the prior year. On a more comparable basis, removing the impact of exceptional items and financing fair value remeasurements, adjusted basic earnings per share have increased by 49.1% to 16.4p.

	2009/10	2008/09
Basic earnings per share	**16.5p**	0.2p
Exceptional items	**(0.7)p**	11.7p
Financing fair value remeasurements (net of tax)	**(0.1)p**	0.1p
Impact of prior year items and exceptional items on income tax	**0.7p**	(1.0)p
Adjusted basic earnings per share	**16.4p**	11.0p

Dividends

Given the operational performance in 2009/10 and confidence in delivery of the seven point ‘Delivering Value’ plan, the Board believes that it is appropriate to increase the final dividend for the year. The Board has proposed a final dividend of 3.575p per share, up 5.1% compared with the final dividend last year. The total dividend for the year is 5.5p per share, covered 3.0 times by adjusted earnings (2008/09: 2.1 times).

The final dividend for the year ended 30 January 2010 will be paid on 18 June 2010 to shareholders on the register at close of business on 7 May 2010, subject to approval of shareholders at the Company’s Annual General Meeting, to be held on 17 June 2010. A dividend reinvestment plan (DRIP) is available to all shareholders who would prefer to invest their dividends in the shares of the Company.

The shares will go ex-dividend on 5 May 2010. For those shareholders electing to receive the DRIP the last date for receipt of electing is 27 May 2010.

In the future it is proposed that the Group’s interim dividend will be calculated automatically as 35% of the prior year’s total dividend. Based on this, the interim dividend to be paid in November 2010 would be 1.925p per share. The final dividend will continue to be proposed each year as part of the March full year announcement.

Return on Capital (ROC)

The Group has two main Return on Capital (ROC) measures.

The first measure, Standard Return on Capital is primarily a Group measure. It is stated on a non-lease adjusted basis, although we also quote a lease adjusted number. The asset base includes goodwill.

The second measure, Lease Adjusted ROC excluding Goodwill is used to monitor performance at a geographic divisional level.

Standard Return on Capital

	2009/10	2008/09	Increase/(decrease)
Return on capital (ROC)	**8.3%**	5.8%	2.5%pps

For Standard ROC, Return is calculated as post tax Retail Profit less central costs and excluding exceptional items, other than realised property profit. Return is then divided by a two point average of Invested Capital (calculated as Net Assets excluding Net Debt and Pension related items including related Deferred Tax). Return and Invested Capital have been restated to exclude Castorama Italy in 2008/09 for comparability to 2009/10.

The strong operating performance combined with improved asset turns has resulted in the Standard ROC performance increasing from 5.8% (restated 2008/09) to 8.3% in 2009/10 compared to the Group's weighted average cost of capital (WACC) 7.8%.

Lease adjusted ROC is based on the same definition except it excludes property lease costs, and Invested Capital is adjusted for lease costs capitalised at the long term property yield. Lease adjusted ROC has increased from 5.6% (restated 2008/09) to 6.8% in 2009/10.

Lease adjusted ROC excluding goodwill and property profit

Kingfisher's underlying ROC by geographic division is set out below. Return is stated adjusted for property lease costs and before property profits. Invested capital excludes goodwill but includes capitalised leases. 2008/09 results exclude Castorama Italy and Ireland has been moved to the UK & Ireland geographic division from the Other International division. Other International includes the Group's share of Joint Venture and Associate income net of tax and Invested Capital:

	Retail Sales £bn	Proportion of Group sales %	Invested Capital (IC) £bn *(1)*	Proportion of Group IC %	Returns % (ROC)	
					2009/10	2008/09
UK & Ireland	4.4	42%	5.7	63%	**6.4%**	5.4%
France	4.3	41%	2.0	22%	**12.4%**	11.9%
Other International	1.8	17%	1.4	15%	**9.5%**	7.7%

(1) Excluding goodwill of £2.4billion.

Free cash flow

A reconciliation of free cash flow and cash flow movement in net debt is set out below:

	2009/10	2008/09
	£m	£m
Operating profit (before exceptional items)	**606**	446
Other non cash items [1]	**319**	310
Change in working capital (before exceptional items)	**315**	180
Pensions and provisions (before exceptional items)	**(68)**	(50)
Operating cash flow	**1,172**	886
Interest paid [2]	**(63)**	(94)
Tax paid [2]	**(151)**	(77)
Net capital expenditure	**(197)**	(328)
Free cash flow	**761**	387
Dividends paid	**(125)**	(125)
French tax receipt	**148**	-
Discontinued operations	**-**	546
Other [3]	**(44)**	(23)
Cash flow movement in net debt	**740**	785

[1]Includes depreciation and amortisation, share-based compensation charge, pension service cost, share of post-tax results of JVs and associates and profit/loss on retail disposals.
[2] Excludes French tax receipt - £120 million tax and £28 million repayment supplement.
[3]Includes exceptional items (excluding property disposals), dividends received from JVs and associates, purchase of own shares and purchase of minority interests.

The Group exceeded its financial net debt target for the year, reporting year end net debt of £250 million (2008/09: £1,004 million). On a constant currency basis net debt has decreased by £1.45 billion over the last two years from £1.7 billion.

Free cash flow of £761 million was generated in the year, an improvement of £374 million year on year largely due to increased profits, a reduction in working capital and lower capital expenditure.

Working capital improvement was driven in particular by a focus on stock which reduced by £234 million. Stock days have reduced from 107 days in 2008/09 to 92 days on a moving average basis. Net capital expenditure has reduced to £197 million in the year.

With a tight focus on cash over the last two years, the Group has been able to repay £554 million nominal value of gross debt by buying back significant proportions of the 2010 and 2012 Eurobonds. In addition, the Group cancelled available bank facilities of £275 million ahead of maturity in 2010. These actions will save interest and fees of some £10 million in 2010/11. In 2010/11 the Group has two bonds with a nominal value totalling £370 million that mature and will be repaid during the year. The Group will continue to focus on cash going forward but aims to increase capex spend to drive growth where the returns are attractive.

Capital expenditure

Gross capital expenditure on continuing operations decreased by 34% in the year to £256 million. Of this, £102 million was spent on property (2008/09: £174 million) and £154 million on fixtures, fittings and intangibles (2008/09: £216 million). A total of £59 million of proceeds from disposals were received during the year (2008/09: £62 million).

As detailed last year the Group has a rigorous approach to capital allocation and authorisation. The process includes:

- An annual strategic planning process (which leads into the budget process for the following year) based on detailed plans for all divisions for the next three years. This process drives the key strategic capital allocation decisions and the output is reviewed by the Board, twice a year.
- A capital approval process through a Capital Expenditure committee, which includes the Group Chief Executive, Group Finance Director, Group Property Director and the three regional CEOs. The committee is delegated to review all projects between £0.75 million and £15.0 million (including the capitalised value of lease commitments).
- Projects above this level are approved by the Board although all projects above £0.75 million are notified to the Board.
- Investment criteria and challenging hurdle rates for IRR (Internal Rate of Return) and discounted payback.
- An annual post-investment review process to undertake a full review of all projects above £0.75 million which were completed in the last four years, together with a review of recent performance on all other existing stores. The findings of this exercise are considered by both the Retail Board and the Board and directly influence the Regional and Group Development Strategy and the assumptions for similar project proposals going forward.

Management of liquidity risk and financing

The Group now has low levels of financial net debt. However, the Group's overall leverage, including capitalised lease debt that in accordance with accounting regulations does not appear on the balance sheet, is estimated to be around 50%. At this level the Group has financial flexibility whilst retaining an efficient cost of capital.

Going forward, Kingfisher is targeting to have a low financial net debt and to further improve our credit metrics to maintain a solid investment grade credit rating.

Kingfisher regularly reviews the level of cash and debt facilities required to fund its activities. This involves preparing a prudent cash flow forecast for the next three years, determining the level of debt facilities required to fund the business, planning for repayments of debt at its maturity and identifying an appropriate amount of headroom to provide a reserve against unexpected outflows.

At the year end, Kingfisher had an undrawn £500 million committed bank facility, which matures in August 2012.

Kingfisher deposits surplus cash with a number of banks with strong credit ratings and with money market funds which have the strongest, AAA, credit rating and offer same day liquidity. A credit limit for each bank or fund is agreed by the Board covering the full value of deposits and a proportion of the value of derivative contracts. The credit risk is reduced further by spreading the investments and derivative contracts across several counterparties. At the year end, Kingfisher had over £1 billion of cash deposited with banks and in money market funds. The highest single cash investment was a £101 million money market fund investment.

As noted, the first significant debt maturities occur this year, when £370 million nominal value of debt falls due for repayment. A £150 million bond, of which £85 million remained outstanding at the year end, following repurchases, was repaid in March. £285 million of a Euro 500 million bond is due in October, which will be repaid with surplus cash.

The maturity profile of Kingfisher's debt is illustrated at:
http://www.kingfisher.com/index.asp?pageid=76

The terms of the US Private Placement note agreement and the committed bank facility require only that the ratio of Group operating profit, excluding exceptional items, to net interest payable must be no less than 3:1. The Group is in compliance with this covenant, with the ratio at the year end being 10.7:1.

The Group has entered into interest rate derivative contracts to convert the fixed rate payable on its bond and US Private Placement notes to floating rate, except for Euro 129 million of debt, due in October 2010, which remains at fixed rate. The floating rate interest rates paid by the Group under its financing arrangements are based on LIBOR plus a margin. The margins were not changed during the year. Under the terms of the financing agreements, the margins are fixed and are not subject to change in line with credit ratings or financial ratios.

Property

The Group owns a significant property portfolio, most of which is used for trading purposes. If the Group had continued to revalue this it would have had a market value of £3.0 billion at year end (2008/09: £3.2 billion), compared to the net book value of £2.7 billion recorded in the financial statements. The values are based on valuations performed by external qualified valuers where the key assumption is the estimated yields.

The valuation exercise was performed in October 2009 with approximately one third of the portfolio valued by external professional valuers.

Pensions

At the year end, the Group had a deficit of £198 million in relation to defined benefit pension arrangements of which £171 million is in relation to its UK Scheme. In 2008/09 the Group had a deficit of £74 million.

The approach used to prepare the pension valuation is in line with current market practice and international accounting standards, and has been applied consistently. This uses a number of assumptions which are likely to fluctuate in the future and so may have a significant effect on the accounting valuation of the scheme's assets and liabilities.

The increase in the deficit was predominantly due to changes in the financial markets which drive the valuation of the pension obligation. The biggest change being a 1% decrease in the UK discount rate used which is a key assumption in valuing the pension obligation. Accounting standards require this to be set based on market yields on high quality bonds at the balance sheet date. Due to the current volatility of the bond market, there can be significant variances in the yield rate.

The valuation is very sensitive to these assumptions. To aid understanding of the impact that changes to the assumptions could have on the pension obligation we have included sensitivity analysis as part of the pension disclosure in note 9 of this announcement. Further details of all the key assumptions are also contained within the note.

Operational Review - DATA BY COUNTRY as at 30 January 2010

	Store numbers	Selling space (000s sq.m.)	Employees (FTE)
Castorama	101	1,011	11,608
Brico Dépôt	100	547	5,881
Total France	**201**	**1,558**	**17,489**
B&Q UK & Ireland	330	2,477	22,801
Screwfix	147	13	2,658
Total UK & Ireland	**477**	**2,490**	**25,459**
Poland	56	420	9,068
China	43	399	7,161
Spain	16	95	784
Russia	12	108	2,297
Turkey JV	26	136	2,318
Total Other International	**153**	**1,158**	**21,628**
Total	**831**	**5,206**	**64,576**

Operational Review – FULL YEAR BY GEOGRAPHY – year ended 30 January 2010

	Sales 2009/10 £m	% Total Change (Reported)	% Total Change (Constant currency)	% LFL Change	Retail Profit 2009/10 £m	% Total Change (Reported)	% Total Change (Constant currency)
France *(1)*	4,242	9.1%	(0.6)%	(3.4)%	322	+13.9%	+3.7%
UK & Ireland *(2)*	4,442	1.4%	1.2%	(0.1)%	217	+64.8%	+64.5%
Other International *(3)*	1,819	3.5%	5.1%	(0.2)%	125	+41.7%	+77.8%
Total Group	**10,503**	**4.8%**	**1.1%**	**(1.5)%**	**664**	**+32.1%**	**+29.4%**

Note: Continuing operations only. Joint Venture (JV) and Associate sales are not consolidated. Retail profit is stated before central costs, interest, exceptional items, amortisation of acquisition intangibles and the Group's share of interest and tax of JVs and associates.

(1) Castorama and Brico Dépôt.
(2) B&Q in the UK & Ireland and Screwfix. Prior year figures include the now ceased Trade Depot trial and have been restated to include Ireland.
(3) Poland, China, Spain, Russia, Turkey JV and Hornbach in Germany.

2009/10: £1 = 1.13 euro (2008/09: £1 = 1.24 euro)
2009/10: £1 = 4.86 Polish zloty (2008/09: £1 = 4.39 Polish zloty)
2009/10: £1 = 10.79 Chinese renminbi (2008/09: £1 = 12.51 Chinese renminbi)

Forward-looking statements

This press release contains certain statements that are forward-looking and are therefore subject to risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied because they relate to future events. These forward-looking statements include, but are not limited to, statements relating to the Company's expectations around its three key priorities of Management, Capital and Returns and the associated seven steps to Delivering Value objectives.

Forward-looking statements can be identified by the use of relevant terminology including the words: "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology and include all matters that are not historical facts. They appear in a number of places throughout this press release and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, our results of operations, financial condition, changes in tax rates, liquidity, prospects, growth, strategies and the businesses we operate.

Other factors that could cause actual results to differ materially from those estimated by the forward-looking statements include, but are not limited to, global economic business conditions, monetary and interest rate policies, foreign currency exchange rates, equity and property prices, the impact of competition, inflation and deflation, changes to regulations, taxes and legislation, changes to consumer saving and spending habits; and our success in managing these factors.

Consequently, our actual future financial condition, performance and results could differ materially from the plans, goals and expectations set out in our forward-looking statements. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

Enquiries:

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Further copies of this announcement can be downloaded from www.kingfisher.com or by application to: The Company Secretary, Kingfisher plc, 3 Sheldon Square, London, W2 6PX.

Company Profile:

Kingfisher plc is Europe's leading home improvement retail group and the third largest in the world, with over 830 stores in eight countries in Europe and Asia. Its main retail brands are B&Q, Castorama, Brico Dépôt and Screwfix. Kingfisher also has a 50% joint venture business in Turkey with Koç Group, and a 21% interest in, and strategic alliance with Hornbach, Germany's leading large format DIY retailer.

Consolidated income statement
Year ended 30 January 2010

£ millions	Notes	2009/10 Before exceptional items	2009/10 Exceptional items (note 4)	2009/10 Total	2008/09 Before exceptional items	2008/09 Exceptional items (note 4)	2008/09 Total
Sales	3	**10,503**	**-**	**10,503**	10,026	-	10,026
Cost of sales		**(6,706)**	**-**	**(6,706)**	(6,504)	(21)	(6,525)
Gross profit		**3,797**	**-**	**3,797**	3,522	(21)	3,501
Selling and distribution expenses		**(2,712)**	**-**	**(2,712)**	(2,624)	(105)	(2,729)
Administrative expenses		**(536)**	**-**	**(536)**	(496)	(124)	(620)
Other income		**31**	**17**	**48**	22	13	35
Share of post-tax results of joint ventures and associates		**26**	**-**	**26**	22	(36)	(14)
Operating profit		**606**	**17**	**623**	446	(273)	173
Analysed as:							
Retail profit	3	**664**	**17**	**681**	503	(113)	390
Impairment of goodwill and investment in associate		**-**	**-**	**-**	-	(160)	(160)
Central costs		**(41)**	**-**	**(41)**	(41)	-	(41)
Share of interest and tax of joint ventures and associates		**(17)**	**-**	**(17)**	(16)	-	(16)
Finance costs		**(76)**	**-**	**(76)**	(119)	-	(119)
Finance income		**19**	**-**	**19**	36	-	36
Net finance costs	5	**(57)**	**-**	**(57)**	(83)	-	(83)
Profit before taxation		**549**	**17**	**566**	363	(273)	90
Income tax expense	6	**(174)**	**(7)**	**(181)**	(95)	7	(88)
Profit from continuing operations		**375**	**10**	**385**	268	(266)	2
Profit from discontinued operations		**-**	**-**	**-**	26	178	204
Profit for the year		**375**	**10**	**385**	294	(88)	206
Attributable to:							
Equity shareholders of the Company				**388**			209
Minority interests				**(3)**			(3)
				385			206
Earnings per share	7						
Continuing operations:							
Basic				**16.5p**			0.2p
Diluted				**16.4p**			0.2p
Adjusted basic				**16.4p**			11.0p
Adjusted diluted				**16.3p**			11.0p
Total operations:							
Basic				**16.5p**			8.9p
Diluted				**16.4p**			8.9p

The proposed final dividend for the year ended 30 January 2010, subject to approval by shareholders at the Annual General Meeting, is 3.575p per share.

Consolidated statement of comprehensive income
Year ended 30 January 2010

£ millions	Notes	2009/10	2008/09
Profit for the year		**385**	206
Actuarial losses on post employment benefits	9	**(165)**	(191)
Currency translation differences			
Group		**15**	159
Joint ventures and associates		**(6)**	32
Gains transferred to income statement		**-**	(80)
Cash flow hedges			
Fair value (losses)/gains		**(13)**	33
Gains transferred to inventories		**(5)**	(10)
Tax on other comprehensive income		**55**	35
Other comprehensive income for the year		**(119)**	(22)
Total comprehensive income for the year		**266**	184
Attributable to:			
Equity shareholders of the Company		**271**	180
Minority interests		**(5)**	4
		266	184

Consolidated statement of changes in equity
Year ended 30 January 2010

		Attributable to equity shareholders of the Company							
£ millions	Notes	Share capital	Share premium	Own shares held	Retained earnings	Other reserves	Total	Minority interests	Total equity
At 1 February 2009		**371**	**2,188**	**(57)**	**1,768**	**513**	**4,783**	**15**	**4,798**
Profit for the year		**-**	**-**	**-**	**388**	**-**	**388**	**(3)**	**385**
Actuarial losses on post employment benefits	9	**-**	**-**	**-**	**(165)**	**-**	**(165)**	**-**	**(165)**
Currency translation differences									
Group		**-**	**-**	**-**	**-**	**17**	**17**	**(2)**	**15**
Joint ventures and associates		**-**	**-**	**-**	**-**	**(6)**	**(6)**	**-**	**(6)**
Cash flow hedges									
Fair value losses		**-**	**-**	**-**	**-**	**(13)**	**(13)**	**-**	**(13)**
Gains transferred to inventories		**-**	**-**	**-**	**-**	**(5)**	**(5)**	**-**	**(5)**
Tax on other comprehensive income		**-**	**-**	**-**	**45**	**10**	**55**	**-**	**55**
Other comprehensive income for the year		**-**	**-**	**-**	**(120)**	**3**	**(117)**	**(2)**	**(119)**
Total comprehensive income for the year		**-**	**-**	**-**	**268**	**3**	**271**	**(5)**	**266**
Share-based compensation		**-**	**-**	**-**	**20**	**-**	**20**	**-**	**20**
Shares issued under share schemes		**-**	**3**	**-**	**-**	**-**	**3**	**-**	**3**
Own shares purchased		**-**	**-**	**(7)**	**-**	**-**	**(7)**	**-**	**(7)**
Own shares disposed		**-**	**-**	**10**	**(10)**	**-**	**-**	**-**	**-**
Dividends		**-**	**-**	**-**	**(125)**	**-**	**(125)**	**-**	**(125)**
At 30 January 2010		**371**	**2,191**	**(54)**	**1,921**	**516**	**4,945**	**10**	**4,955**
At 3 February 2008		371	2,188	(66)	1,815	405	4,713	11	4,724
Profit for the year		-	-	-	209	-	209	(3)	206
Actuarial losses on post employment benefits	9	-	-	-	(191)	-	(191)	-	(191)
Currency translation differences									
Group		-	-	-	-	152	152	7	159
Joint ventures and associates		-	-	-	-	32	32	-	32
Gains transferred to income statement		-	-	-	-	(80)	(80)	-	(80)
Cash flow hedges									
Fair value gains		-	-	-	-	33	33	-	33
Gains transferred to inventories		-	-	-	-	(10)	(10)	-	(10)
Tax on other comprehensive income		-	-	-	54	(19)	35	-	35
Other comprehensive income for the year		-	-	-	(137)	108	(29)	7	(22)
Total comprehensive income for the year		-	-	-	72	108	180	4	184
Share-based compensation		-	-	-	15	-	15	-	15
Own shares disposed		-	-	9	(9)	-	-	-	-
Dividends		-	-	-	(125)	-	(125)	(1)	(126)
Capital injections from minority interests		-	-	-	-	-	-	1	1
At 31 January 2009		371	2,188	(57)	1,768	513	4,783	15	4,798

Consolidated balance sheet
At 30 January 2010

£ millions	Notes	2009/10	2008/09
Non-current assets			
Goodwill		**2,395**	2,396
Other intangible assets		**70**	73
Property, plant and equipment		**3,612**	3,699
Investment property		**24**	24
Investments in joint ventures and associates		**234**	219
Deferred tax assets		**27**	26
Derivatives		**81**	180
Other receivables		**22**	17
		6,465	6,634
Current assets			
Inventories		**1,545**	1,792
Trade and other receivables		**494**	508
Derivatives		**24**	107
Current tax assets		**58**	33
Cash and cash equivalents		**1,260**	1,157
		3,381	3,597
Total assets		**9,846**	10,231
Current liabilities			
Trade and other payables		**(2,374)**	(2,362)
Borrowings		**(647)**	(389)
Derivatives		**(25)**	(38)
Current tax liabilities		**(348)**	(206)
Provisions		**(36)**	(69)
		(3,430)	(3,064)
Non-current liabilities			
Other payables		**(74)**	(33)
Borrowings		**(883)**	(1,907)
Derivatives		**(47)**	(76)
Deferred tax liabilities		**(197)**	(226)
Provisions		**(62)**	(53)
Post employment benefits	9	**(198)**	(74)
		(1,461)	(2,369)
Total liabilities		**(4,891)**	(5,433)
Net assets		**4,955**	4,798
Equity			
Share capital		**371**	371
Share premium		**2,191**	2,188
Own shares held		**(54)**	(57)
Retained earnings		**1,921**	1,768
Other reserves		**516**	513
Total attributable to equity shareholders of the Company		**4,945**	4,783
Minority interests		**10**	15
Total equity		**4,955**	4,798

The financial statements were approved by the Board of Directors on 24 March 2010 and signed on its behalf by:

Ian Cheshire
Group Chief Executive

Kevin O'Byrne
Group Finance Director

Consolidated cash flow statement

Year ended 30 January 2010

£ millions	Notes	2009/10	2008/09
Operating activities			
Cash generated by operations	10	**1,130**	867
Income tax paid		**(151)**	(77)
French tax receipt	6	**148**	-
Net cash flows from operating activities		**1,127**	790
Investing activities			
Purchase of minority interests		**-**	(7)
Purchase of property, plant and equipment, investment property and intangible assets		**(256)**	(390)
Disposal of property, plant and equipment, investment property and intangible assets		**59**	62
Disposal of other investments		**-**	12
Dividends received from joint ventures and associates		**5**	3
Net cash flows from investing activities		**(192)**	(320)
Financing activities			
Interest paid		**(72)**	(111)
Interest element of finance lease rental payments		**(5)**	(5)
Interest received		**14**	22
Repayment of bank loans		**(130)**	(37)
Repayment of Medium Term Notes and other fixed term debt		**(500)**	-
Receipt/(payment) on financing derivatives		**78**	(5)
Capital element of finance lease rental payments		**(14)**	(12)
Issue of share capital to minority interests		**-**	1
Purchase of own shares		**(7)**	-
Dividends paid to equity shareholders of the Company		**(125)**	(125)
Dividends paid to minority interests		**-**	(1)
Net cash flows from financing activities		**(761)**	(273)
Net increase in cash and cash equivalents and bank overdrafts from continuing operations		**174**	197
Net cash flows from operating activities		**-**	23
Net cash flows from investing activities		**-**	522
Net cash flows from financing activities		**-**	1
Net increase in cash and cash equivalents and bank overdrafts from discontinued operations		**-**	546
Net increase in cash and cash equivalents and bank overdrafts		**174**	743
Cash and cash equivalents and bank overdrafts at beginning of year		**994**	195
Exchange differences		**(33)**	56
Cash and cash equivalents and bank overdrafts at end of year	11	**1,135**	994

Notes to the consolidated financial statements

1 General information

Kingfisher plc ('the Company'), its subsidiaries, joint ventures and associates (together 'the Group') supply home improvement products and services through a network of retail stores and other channels, located mainly in the United Kingdom, continental Europe and China.

The address of its registered office is 3 Sheldon Square, Paddington, London W2 6PX.

The Company is listed on the London Stock Exchange.

2 Basis of preparation

The consolidated financial statements of the Company, its subsidiaries, joint ventures and associates are made up to the nearest Saturday to 31 January each year. The current financial year is the 52 weeks ended 30 January 2010 ('the year'). The comparative financial year is the 52 weeks ended 31 January 2009 ('the prior year'). This only impacts the UK operations with all of the other operations reporting on a calendar basis as a result of local statutory requirements.

The Directors of Kingfisher plc, having made appropriate enquiries, consider that adequate resources exist for the Group to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the condensed financial information for the year ended 30 January 2010.

The condensed financial information, which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated balance sheet, consolidated cash flow statement and related notes do not constitute statutory financial statements for the 52 weeks ended 30 January 2010, but are derived from those statements. Statutory financial statements for 2009/10 will be filed with the Registrar of Companies in due course. The Group's auditors have reported on those accounts; their reports were unqualified and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006. Copies of the Annual Report and Accounts for 2009/10 will be posted to shareholders during the week beginning 26 April 2010. Statutory financial statements for 2008/09 have been filed with the Registrar of Companies. The Group's former auditors have reported on those accounts; their reports were unqualified and did not contain statements under Section 237 (2) or (3) of the Companies Act 1985.

The condensed financial information has been abridged from the 2009/10 statutory financial statements, which have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union, IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The condensed financial information has been prepared under the historical cost convention, as modified by the use of valuations for certain financial instruments, share-based payments and post employment benefits.

The principal new standards and amendments to standards, which are mandatory for the first time for the financial year beginning 1 February 2009, are as follows:

IAS 1 (revised)	Presentation of financial statements	Requires non-owner changes in equity to be shown in either one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements. Owner changes in equity are required to be shown in a statement of changes in equity.
IFRS 8	Operating segments	IFRS 8 replaces IAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in Ireland moving from 'Other International' to 'UK & Ireland' (previously 'UK'). Refer to note 3 for further information.

Principal rates of exchange

	2009/10		2008/09	
	Average rate	Year end rate	Average rate	Year end rate
Euro/£	**1.13**	**1.15**	1.24	1.12
US Dollar/£	**1.58**	**1.61**	1.81	1.44
Polish Zloty/£	**4.86**	**4.69**	4.39	5.02
Chinese Renminbi/£	**10.79**	**11.01**	12.51	9.86

Use of non-GAAP measures

Kingfisher believes that retail profit, adjusted pre-tax profit, effective tax rate, adjusted post-tax profit and adjusted earnings per share provide additional useful information on underlying trends to shareholders. These and other non-GAAP measures such as net debt are used by Kingfisher for internal performance analysis and incentive compensation arrangements for employees. The terms 'retail profit', 'exceptional items', 'adjusted', 'effective tax rate' and 'net debt' are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures.

Retail profit is defined as continuing operating profit before central costs (principally the costs of the Group's head office), exceptional items, amortisation of acquisition intangibles and the Group's share of interest and tax of joint ventures and associates.

The separate reporting of non-recurring exceptional items, which are presented as exceptional within their relevant income statement category, helps provide an indication of the Group's underlying business performance. The principal items which are included as exceptional items are:

- non trading items included in operating profit such as profits and losses on the disposal, closure or impairment of subsidiaries, joint ventures, associates and investments which do not form part of the Group's trading activities;
- profits and losses on the disposal of properties; and
- the costs of significant restructuring and incremental acquisition integration costs.

The term 'adjusted' refers to the relevant measure being reported for continuing operations excluding exceptional items, financing fair value remeasurements, amortisation of acquisition intangibles, related tax items and prior year tax items. Financing fair value remeasurements represent changes in the fair value of financing derivatives, excluding interest accruals, offset by fair value adjustments to the carrying amount of borrowings and other hedged items under fair value hedge relationships. Financing derivatives are those that relate to underlying items of a financing nature.

The effective tax rate represents the effective income tax expense as a percentage of continuing profit before taxation excluding exceptional items. Effective income tax expense is the continuing income tax expense excluding tax on exceptional items and tax adjustments in respect of prior years and changes in tax rates.

Net debt comprises borrowings and financing derivatives (excluding accrued interest), less cash and cash equivalents and current other investments.

3 Segmental analysis

Income statement

£ millions	UK & Ireland	France	Other International Poland	Other International Other	2009/10 Total
Sales	**4,442**	**4,242**	**1,012**	**807**	**10,503**
Retail profit	**217**	**322**	**125**	**-**	**664**
Exceptional items					**17**
Central costs					**(41)**
Share of interest and tax of joint ventures and associates					**(17)**
Operating profit					**623**
Net finance costs					**(57)**
Profit before taxation					**566**

£ millions	UK & Ireland	France	Other International Poland	Other International Other	2008/09 Restated Total
Sales	4,379	3,888	1,036	723	10,026
Retail profit	132	283	124	(36)	503
Exceptional items					(273)
Central costs					(41)
Share of interest and tax of joint ventures and associates					(16)
Operating profit					173
Net finance costs					(83)
Profit before taxation					90

The operating segments disclosed above are based on the information reported internally to the Board of Directors and Group Executive. This information is predominately based on the geographical areas in which the Group operates and which are managed separately. The Group only has one business segment being the supply of home improvement products and services.

The ‘Other International’ segment consists of Poland, China, Spain, Russia, the joint venture Koçtaş in Turkey and the associate Hornbach which has operations in Germany and other European countries. Poland has been shown separately due to its significance.

The income statement is presented on a continuing operations basis. Central costs principally comprise the costs of the Group’s head office.

Following adoption of IFRS 8, ‘Operating segments’, comparatives have been restated to reflect the move of Ireland from ‘Other International’ to ‘UK & Ireland’ (previously ‘UK’). No other information in the condensed financial information has been restated as a result of this change.

4 Exceptional items

£ millions	2009/10	2008/09
Included within cost of sales		
China restructuring	**-**	(21)
	-	(21)
Included within selling and distribution expenses		
China restructuring	**-**	(86)
UK restructuring	**-**	(19)
	-	(105)
Included within administrative expenses		
Impairment of goodwill	**-**	(124)
	-	(124)
Included within other income		
Profit on disposal of properties	**17**	13
	17	13
Included within share of post-tax results of joint ventures and associates		
Impairment of investment in Hornbach	**-**	(36)
	-	(36)
Exceptional items before tax	**17**	(273)
Tax on exceptional items	**(7)**	7
Exceptional items – continuing operations	**10**	(266)
Exceptional items - discontinued operations	**-**	178
Exceptional items	**10**	(88)

The Group has recorded an exceptional profit of £17m on the disposal of properties (2008/09: £13m profit).

In the prior year, an exceptional loss of £107m was recorded relating to the B&Q China turnaround plan. The plan involved rationalising the store portfolio from 63 to 41 and then revamping the remaining stores. The exceptional loss comprised store asset impairments, lease exits, inventory write downs and employee redundancy costs. The total charge included £19m relating to the termination of leases, which was included within restructuring provisions, £55m relating to the impairment of property, plant and equipment and £21m relating to the write down of inventories.

In the prior year, the Group recorded an exceptional loss of £19m following the announcement that Trade Depot in the UK would be closed, which included a loss on disposal of properties of £6m.

In the prior year, an exceptional loss of £124m was recorded on the impairment of goodwill in China based on a review of its recoverable amount. The goodwill balance was fully written down.

In the prior year, an exceptional loss of £36m was recorded on the write down of the Group's investment in Hornbach.

In the prior year the Group disposed of Castorama Italy.

5 Net finance costs

£ millions	2009/10	2008/09
Bank overdrafts and bank loans	**(25)**	(23)
Medium Term Notes and other fixed term debt	**(43)**	(86)
Financing fair value remeasurements	**2**	(5)
Finance leases	**(5)**	(5)
Unwinding of discount on provisions	**(4)**	(3)
Expected net interest charge on defined benefit pension schemes	**(4)**	-
Capitalised interest	**3**	3
Finance costs	**(76)**	(119)
Cash and cash equivalents and current other investments	**19**	23
Expected net interest return on defined benefit pension schemes	**-**	13
Finance income	**19**	36
Net finance costs – continuing operations	**(57)**	(83)

6 Income tax expense

£ millions	2009/10	2008/09
UK corporation tax		
Current tax on profits for the year	**85**	34
Adjustments in respect of prior years	**(7)**	(14)
	78	20
Overseas tax		
Current tax on profits for the year	**85**	111
Adjustments in respect of prior years	**(1)**	6
	84	117
Deferred tax		
Current year	**4**	(41)
Adjustments in respect of prior years	**15**	(8)
	19	(49)
Income tax expense – continuing operations	**181**	88

The effective rate of tax on profit from continuing operations before exceptional items and excluding tax adjustments in respect of prior years is 30% (2008/09: 31%). Tax on exceptional items for the year is a charge of £7m, all of which relates to current year items. In 2008/09 tax on exceptional items was a credit of £7m, all of which related to current year items.

Kingfisher paid €138m tax to the French tax authorities in the year ended 31 January 2004 as a consequence of the Kesa Electricals demerger and recorded this as an exceptional tax charge. Kingfisher appealed against this tax liability and the tribunal found in favour of Kingfisher in June 2009. As a result, on 7 September 2009 the Group received €169m (£148m) from the French tax authorities, representing a refund of the €138m and €31m of repayment supplement. The French tax authorities have appealed against this decision and therefore no income has been recognised.

7 Earnings per share

	2009/10 Earnings £ millions	2009/10 Weighted average number of shares millions	2009/10 Earnings per share pence	2008/09 Earnings £ millions	2008/09 Weighted average number of shares millions	2008/09 Earnings per share pence
Continuing operations:						
Basic earnings per share	**388**	**2,347**	**16.5**	5	2,345	0.2
Dilutive share options		**22**	**(0.1)**		9	-
Diluted earnings per share	**388**	**2,369**	**16.4**	5	2,354	0.2
Basic earnings per share	**388**	**2,347**	**16.5**	5	2,345	0.2
Exceptional items	**(17)**		**(0.7)**	273		11.7
Tax on exceptional and prior year items	**14**		**0.7**	(23)		(1.0)
Financing fair value remeasurements	**(2)**		**(0.1)**	5		0.2
Tax on financing fair value remeasurements	**1**		**-**	(2)		(0.1)
Adjusted basic earnings per share	**384**	**2,347**	**16.4**	258	2,345	11.0
Diluted earnings per share	**388**	**2,369**	**16.4**	5	2,354	0.2
Exceptional items	**(17)**		**(0.7)**	273		11.7
Tax on exceptional and prior year items	**14**		**0.7**	(23)		(1.0)
Financing fair value remeasurements	**(2)**		**(0.1)**	5		0.2
Tax on financing fair value remeasurements	**1**		**-**	(2)		(0.1)
Adjusted diluted earnings per share	**384**	**2,369**	**16.3**	258	2,354	11.0
Total operations:						
Basic earnings per share	**388**	**2,347**	**16.5**	209	2,345	8.9
Dilutive share options		**22**	**(0.1)**		9	-
Diluted earnings per share	**388**	**2,369**	**16.4**	209	2,354	8.9

Basic earnings per share is calculated by dividing the profit for the year attributable to equity shareholders of the Company by the weighted average number of shares in issue during the year, excluding those held in the Employee Share Ownership Plan Trust ('ESOP') which for the purpose of this calculation are treated as cancelled.

For diluted earnings per share, the weighted average number of shares is adjusted to assume conversion of all dilutive potential ordinary shares. These represent share options granted to employees where both the exercise price is less than the average market price of the Company's shares during the year and any related performance conditions have been met.

8 Dividends

£ millions	2009/10	2008/09
Dividends to equity shareholders of the Company		
Final dividend for the year ended 31 January 2009 of 3.4p per share (2 February 2008: 3.4p per share)	**80**	80
Interim dividend for the year ended 30 January 2010 of 1.925p per share (31 January 2009: 1.925p per share)	**45**	45
	125	125

The proposed final dividend for the year ended 30 January 2010 of 3.575p per share is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability.

9 Post employment benefits

£ millions	2009/10 UK	2009/10 Other	2009/10 Total	2008/09 UK	2008/09 Other	2008/09 Total
(Deficit)/surplus in scheme at beginning of year	**(40)**	**(34)**	**(74)**	110	(33)	77
Current service cost	**(19)**	**(3)**	**(22)**	(20)	(3)	(23)
Interest on defined benefit obligations	**(88)**	**(3)**	**(91)**	(82)	(2)	(84)
Expected return on pension scheme assets	**87**	**-**	**87**	97	-	97
Actuarial losses	**(160)**	**(5)**	**(165)**	(186)	(5)	(191)
Contributions paid by employer	**49**	**17**	**66**	41	7	48
Disposal of subsidiaries	**-**	**-**	**-**	-	7	7
Exchange differences	**-**	**1**	**1**	-	(5)	(5)
Deficit in scheme at end of year	**(171)**	**(27)**	**(198)**	(40)	(34)	(74)

The assumptions used in calculating the costs and obligations of the Group's defined benefit pension schemes are set by the Directors after consultation with independent professionally qualified actuaries. The assumptions are based on the conditions at the time and changes in these assumptions can lead to significant movements in the estimated obligations, as illustrated in the sensitivity analysis.

The UK scheme discount rate is based on the yield on the iBoxx over 15 year AA-rated Sterling corporate bond index adjusted for the difference in term between iBoxx and scheme liabilities. The overall expected rate of return on scheme assets reflects market expectations at the valuation date of long term asset returns and the mix of assets in the schemes.

Annual % rate	2009/10 UK	2009/10 Other	2008/09 UK	2008/09 Other
Discount rate	**5.5**	**5.3**	6.5	5.3 to 5.5
Salary escalation	**4.2**	**2.0 to 6.6**	4.3	2.0 to 6.6
Rate of pension increases	**3.4**	**-**	3.5	-
Price inflation	**3.4**	**2.0**	3.5	2.0 to 2.5

% rate of return	2009/10 UK	2009/10 Other	2008/09 UK	2008/09 Other
Equities	**7.9**	**-**	8.7	-
Bonds	**4.7**	**-**	5.6	-
Property	**6.4**	**-**	7.1	-
Other	**4.2**	**3.5**	4.3	3.5
Overall expected rate of return	**5.9**	**3.5**	6.7	3.5

For the UK scheme, the mortality assumptions used in the actuarial valuations have been selected with regard to the characteristics and experience of the membership of the scheme from 2004 to 2007. The assumptions for life expectancy of UK scheme members are as follows:

Years	2009/10	2008/09
Age to which current pensioners are expected to live (60 now)		
- Male	**87.2**	87.2
- Female	**85.9**	85.9
Age to which future pensioners are expected to live (60 in 15 years time)		
- Male	**88.8**	88.8
- Female	**87.1**	87.1

The following sensitivity analysis for the UK scheme shows the estimated impact on obligations resulting from changes to key actuarial assumptions, whilst holding all other assumptions constant.

Assumption	Change in assumption	Impact on defined benefit obligation
Discount rate	Increase/decrease by 0.1%	Decrease/increase by £31m
Salary escalation	Increase/decrease by 0.1%	Increase/decrease by £3m
Rate of pension increases	Increase/decrease by 0.1%	Increase/decrease by £17m
Price inflation	Increase/decrease by 0.1%	Increase/decrease by £28m
Mortality	Increase in life expectancy by one year	Increase by £48m

10 Cash generated by operations

£ millions	2009/10	2008/09
Operating profit	**623**	173
Share of post-tax results of joint ventures and associates	**(26)**	14
Depreciation and amortisation	**260**	265
Impairment losses	**4**	185
(Profit)/loss on disposal of property, plant and equipment, investment property and intangible assets	**(1)**	11
Share-based compensation charge	**20**	15
Decrease in inventories	**234**	169
(Increase)/decrease in trade and other receivables	**(18)**	69
Increase/(decrease) in trade and other payables	**102**	(23)
Movement in provisions	**(24)**	14
Movement in post employment benefits	**(44)**	(25)
Cash generated by operations – continuing operations	**1,130**	867

11 Net debt

£ millions	2009/10	2008/09
Cash and cash equivalents	**1,260**	1,157
Bank overdrafts	**(125)**	(163)
Cash and cash equivalents and bank overdrafts	**1,135**	994
Bank loans	**(154)**	(307)
Medium Term Notes and other fixed term debt	**(1,186)**	(1,757)
Financing derivatives	**20**	135
Finance leases	**(65)**	(69)
Net debt	**(250)**	(1,004)

£ millions	2009/10	2008/09
Net debt at beginning of year	**(1,004)**	(1,559)
Net increase in cash and cash equivalents and bank overdrafts	**174**	743
Disposal of current other investments	**-**	(12)
Repayment of bank loans	**130**	37
Repayment of Medium Term Notes and other fixed term debt	**500**	-
(Receipt)/payment on financing derivatives	**(78)**	5
Capital element of finance lease rental payments	**14**	12
Cash flow movement in net debt	**740**	785
Exchange differences and other non-cash movements	**14**	(230)
Net debt at end of year	**(250)**	(1,004)

Sterling bank loans of £75m have been repaid in the year, along with a reduction in the level of bank loans in China. €307m of a €550m MTN, €171m of a €500m MTN and £65m of a £150m MTN have been repurchased in the year. €307m of a €550m interest rate swap and £65m of a £150m interest rate swap have been cancelled in the year. A €330m cross-currency swap has matured in the year.